
**Via e-mail to:** jmartin@waterboards.ca.gov

April 30, 2008

Jim Martin, Staff Project Manager
Regional Water Quality Control Board, Central Valley Region
11020 Sun Center Drive, # 200
Rancho Cordova, CA 95670-6114

**Re: Comments on Economics Study for the Central Valley Salinity Project**

Dear Mr. Martin:

On behalf of the Community Alliance for Responsible Environmental Stewardship (CARES), I appreciate the opportunity to comment on this important study. CARES is a coalition of California's dairy producer and processor associations, including the largest dairy producer trade associations (***Western United Dairymen, California Dairy Campaign*** **and** ***Milk Producers Council***) and the largest milk processing companies and cooperatives (including ***California Dairies, Inc., Dairy Farmers of America-California,*** and ***Land O' Lakes***.) Together our members represent more than 95 percent of the California dairy industry and our coalition is exclusively dedicated to fostering environmental and economic sustainability for California dairy families.

We have reviewed the Final Draft Report of the Economics Study dated March 16, 2008, and prepared by Dr. Richard Howitt and his team of consultants; we appreciate the opportunity to offer our comments. The importance of salt and salinity control in the Central Valley cannot be over-emphasized. We all will be faced with difficult decisions on salt control in the future, and it is important to make proper estimates of the existing salt loads, and to determine where reductions can be made, and where proposed reductions make the most economic sense. Our comments on the economics study can be summarized in three main areas:

- **The report incorrectly defines the salt loads at dairies and the assumptions underlying the salt load estimates should not be used as a basis for further studies.** In addition, the report assumes certain salt load increases at dairy

*Community Alliance for Responsible Environmental Stewardship*
*915 L Street #C-438, Sacramento, CA 95814*
*(916) 441-3318*
*(916) 441-4132*
*www.dairycares.com*

facilities – in direct contrast to the recently adopted General Order for Existing Milk Cow Dairies, which requires all dairy facilities to minimize or reduce salts in their waste stream.

- The report describes the regulation of salt at a dairy facility using assumptions inherent in the development of recent proposed federal regulations for Concentrated Animal Feeding Operations (CAFOs). Most of these assumptions come from experiences in the Midwest of the U.S., where a significant amount of the manure materials, including the nutrients and salts it contains, drain directly to, or seep to, surface waters. This is not the case in the Central Valley nor will it be under the current General Order for Existing Milk Cow Dairies adopted in May 2007 in compliance with the California Water Code. The entire discussion on the federal CAFO Rule should be eliminated from the report and replaced with an updated discussion of compliance with California Water Code.

- The dairy industry stands ready to assist the Central Valley Regional Water Quality Control Board (CVRWQCB) in making future salt load estimates. Salt loading at a dairy facility depends heavily on the source water, the feed supply and many other sources, and most importantly, how all of these are routed and recycled within the dairy facility.

The purpose of this economic study was to assess the economic and social impact of increasing salinity in the Central Valley, and the consequences of failing to implement a comprehensive salinity management program. The economic projection models that were used in this study appear to be state-of-the-art and we are confident that these will be reviewed by many others for their application to the Central Valley. We therefore limit our comments to the data that input to the models – the models are only as good as the assumptions and data that go into them. In this case, assumptions for the salt loads being generated by the livestock industry, and especially the dairy industry, are not correct and do not present reality.

When this study was initiated, staff of the State Water Resources Control Board presented estimates of salt loadings to the Technical Committee of the Salinity Policy Group. At this June 2007 presentation, it was estimated that confined animal facilities accounted for about 2 percent of the Central Valley-wide salt load, but within some basins represented almost 4 percent of that basin's salt load. That presentation also showed dairy facilities represented the largest portion of the salt load generated at these confined animal facilities. These estimates are in line with the salt loadings presently in the Water Quality Control Plans for the three Central Valley Hydrologic Basins. The June 2007 presentation is available at:
http://www.waterboards.ca.gov/centralvalley/water_issues/salinity/committees/technical/tac-28jun07-horner-pres.pdf

However, to our surprise, the present version of the economics study shows that confined animal facilities – in particular, dairies – representing about 15 percent of the total salt load in the Central Valley, and in some basins, almost a quarter of that basin salt load.

To our knowledge, these changes and the reasons for them were never presented nor discussed with the Technical Committee nor with any of the CV-Salts committees. In addition, there appears to be no explanation in the report for the huge disparity between the previous projections, the data presently in the Basin Plans and the data being used in this economics report.

In addition, it appears from Table 3.1.9 that confined animal facilities and municipal and industrial facilities account for greater than 80 percent of the total salt load in the Central Valley today, and these facilities are projected to account for almost 90 percent of the salt load by the Year 2030. This is a surprising conclusion in a valley that is dominated by irrigated agriculture. This salt loading is something one would expect to see in the Los Angeles or Santa Ana Basins, not in the Central Valley. This clearly shows that something is critically wrong with the salt load projections and the assumptions on which they are based.

In addition, the present economics study shows that salt loads from dairy facilities will increase by more than 50 percent by the year 2030. This is in direct contrast to CVRWQCB General Order R5-2007-0035, "Waste Discharge Requirements General Order for Existing Milk Cow Dairies, adopted May 2007. The Order directs dairy facilities to reduce and minimize salts being generated at dairy facilities. For example, the Order requires all producers to:

> *"...submit a report that identifies sources of salt in waste generated at the dairy, evaluates measures that can be taken to minimize salt in the dairy waste, and certifies that they will implement the approved measures identified to minimize salt in their dairy waste"*[1]

Already, the California Department of Food and Agriculture and the University of California are undertaking an analysis of salt sources at dairy facilities and the methods to reduce or minimize salts getting into the waste stream. We expect the results of our analysis to help in addressing the overall Central Valley salt problem.

The salt study being conducted by the University of California, however, will only look at the sources of salt that get into the waste stream. The next step is to better understand how this salt is routed throughout the dairy facility, including understanding what is lost to surface water, losses to groundwater and what is recycled in the facility as part of the feed and management operations.

The economics study also shows that by the year 2030, the highest direct cost of salinity will be borne by the dairy industry ($160 million/year) and the food and beverage processing industry ($180 million/year) that support the dairy family farms. These costs

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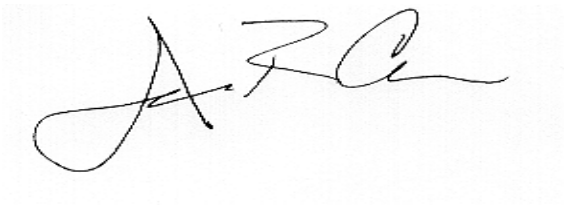
[1] See General Order R5-2007-0035, "Required Reports and Notices, H(1)(e), page 29, http://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/general_orders/r5-2007-0035.pdf

are significant. If we are to maintain a sustainable dairy industry in the Valley, it is important for the dairy industry and the regulatory agencies to have a good understanding of what these costs are and know that the cost projections were based on sound data. The present report gives us an idea that the costs could be significant, but the data used to draw this conclusion is not sound.

In summary, the salt loadings used in this report for the confined animal facilities should not be considered accurate and should not be used in future work unless they are reviewed and updated. As we stated earlier in these comments, the dairy industry stands ready to assist the CVRWQCB in making future salt load estimates. These projections should be made through the Technical Committee of CV-Salts so that all future work can be based on a consensus of sound technical data.

Again, we thank the CVRWQCB for the opportunity to comment on this important study.

Sincerely,



J.P. Cativiela
CARES Program Coordinator